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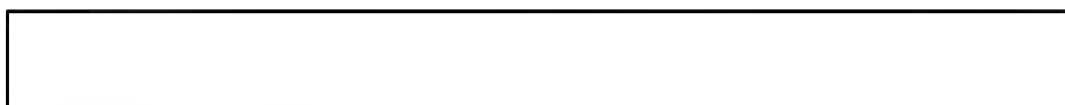
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USSR-CUBA

Senior party ideologist Suslov, a Politburo member, heads the Soviet delegation that is in Havana for the Cuban party congress opening tomorrow.

Angola will almost certainly be high on the agenda of discussion topics. Suslov will no doubt be full of praise for Cuba's contribution to the "liberation" effort in Africa, but he will also want to dissuade Castro from thinking that Moscow will express its gratitude with significantly greater economic and military assistance. [REDACTED]

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Suslov is not likely to emphasize, as did Brezhnev when he visited Havana two years ago, the benefits of detente and the gains to be derived from a thaw in US-Cuban relations. The Soviets have a strong interest, now more than ever, in relieving the economic burden they bear because of Cuba's relative isolation in the hemisphere and, therefore, in better Havana-Washington relations. They must be aware, however, that Cuba's involvement in Angola, along with its position on Puerto Rican independence, would arrest any movement toward rapprochement with the US. Moscow and Havana probably made the hard choice on these issues last summer.

The Soviets have new reason to feel that they are getting some payoff for their investment in Cuba. Last summer, Castro successfully organized a conference of Latin American and Caribbean communist parties in Havana, which the Soviets hope will be a steppingstone toward a world communist party conference. The conference adopted the Kremlin's line against supporting armed revolution as the preferred tactic in Latin America, and the Cubans, for the first time, went so far as to sign a joint document condemning the Chinese communists by name. [REDACTED]

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LEBANON

Lebanese security forces yesterday reportedly took over three hotels in the disputed international hotel district. Their action is in accordance with the terms of the latest cease-fire, but sporadic shooting threatens the arrangement. Christian Phalangists apparently still hold the Holiday Inn, their last foothold in the district.

Prime Minister Karami and Palestinian leader Yasir Arafat apparently negotiated the newest truce late Sunday night; it differs from its predecessor in that it calls for security forces rather than the army to take up positions in the embattled hotel district. This is a concession to Lebanese leftists, who control much of the area and who have refused to relinquish their vantage points to the army. The leftists believe the security forces would offer no resistance should the leftists later decide to retake the area.

Socialist leader Kamal Jumblatt, whose leftist allies have played a major role in the recent fighting, met with Syrian President Asad in Damascus yesterday. The Syrians have summoned a number of Lebanese leaders to Damascus over the past ten days to lay the groundwork for at least a temporary halt to the fighting. If these consultations are successful, Asad may send Foreign Minister Khaddam to Beirut for broader mediation efforts.

Vital services in the Lebanese capital are beginning to break down. Telephone and telex links between Beirut and Europe have been broken, and US news services have begun transmitting their stories through the US embassy. The city apparently is experiencing shortages of food and other supplies; these shortages may become more serious unless sea and ground access routes are reopened soon. Although the Beirut airport is still open, most international airlines have cut back their services.

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ICELAND

The UN Security Council today may consider Iceland's complaint against Britain, following an incident on December 11 in which an Icelandic patrol boat was rammed by a British support ship inside Iceland's 12-mile limit. Iceland has characterized the incident as a "flagrant violation of Iceland's sovereignty, endangering peace and security."

The Icelandic move suggests that British Foreign Secretary Callaghan's proposals to Icelandic Foreign Minister Agustsson at the NATO meeting in Brussels last week are not likely to persuade the Reykjavik government to back down from its original negotiating position. Callaghan offered to reduce the size of the British annual catch to a figure below the 110,000 tons London had been demanding in order to get the stalemated fisheries negotiations going again. Iceland had insisted the catch be limited to 65,000 tons. So far, there has been no response from Reykjavik.

The ramming episode has brought sharp denunciations from politicians of every persuasion. Icelandic Prime Minister Hallgrimsson said the incident was "unusually serious" and demonstrated British "recklessness and violence." Most officials are responding more stridently to this incident than to previous cod war skirmishes because the incident occurred within Iceland's 12-mile zone, which Britain recognizes.

Iceland has already appealed to NATO and for several weeks has been considering an approach to the UN as part of an effort to gain worldwide sympathy and support. Reykjavik decided last week to put off an approach to the UN General Assembly for a resolution branding the UK an aggressor until it weighed the response from NATO. Iceland's UN representative then sent a letter to the president of the UN Security Council on December 11 outlining the issues in the dispute and reserving the right to approach the Security Council. The ramming incident provoked the request for an emergency meeting of the Council.

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ITALY

The Italian Socialists last week sharpened their criticism of the Moro government but postponed until their congress in February a decision on whether to bring it down by withdrawing the party's crucial parliamentary support. Socialist leader De Martino has been under strong pressure from members of his party. They maintain that continued support for the government will hurt the Socialists in the next election.

In a speech that was approved unanimously by the Socialist directorate, De Martino rendered a sharply negative judgment of the government but argued against challenging it now. The Socialist leader noted that to do so would run the risk of:

- interrupting difficult negotiations between organized labor and the government, as well as complicating the debate now taking place in parliament over economic recovery measures;
- precipitating early parliamentary elections, to which most politicians remain opposed and for which the Socialists would be held responsible;
- strengthening the hand of those Christian Democrats and Social Democrats who are opposed to the trend in their parties toward closer relations with the Socialists.

While he did not mention it, De Martino is probably motivated also by a desire to avoid charges of political irresponsibility prior to his visit to the US in January. In addition, divisions among Socialists over what course to follow if the government falls could destroy the thin veneer of unity that De Martino hopes to maintain through the party congress in February.

The harsh view of the government taken by the Socialist directorate will make it difficult for the party to support the Moro government for long after the congress. In the meantime, the increased likelihood of a Socialist-initiated crisis after February will strain relations between them and the two parties—Christian Democratic and Republican—that hold cabinet posts under Moro.

The resulting tensions could, in turn, jeopardize Moro's survival. There are already reports that some Republicans—angered by Socialist criticism—are suggesting that their party reassess its participation in the cabinet.

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THAILAND-CAMBODIA

New incidents have been reported along the Thai-Cambodian border.

On December 11, a force of some 60 Cambodians reportedly crossed into Thailand in pursuit of former Cambodian soldiers seeking refuge. The Cambodian forces clashed with Thai Border Patrol Police approximately five kilometers inside Thailand.

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This was the first serious clash between Thai and Cambodian forces since the two governments established diplomatic relations six weeks ago.

Sporadic exchanges of small arms and mortar fire have been reported since the initial clash, with casualties reported on each side. Thai reinforcements have been sent to the area and, at last report, the Cambodian forces were still within Thai territory.

Thai officials on a recently established border liaison committee are attempting to resolve the dispute through diplomatic means. The Thai Foreign Ministry has indicated its desire to avoid strong retaliatory measures unless absolutely necessary.

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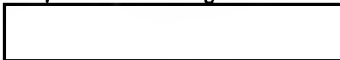
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FOR THE RECORD



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CAMBODIA: The Khmer communists have adopted a new constitution, according to a communique broadcast yesterday by radio Phnom Penh. The announcement provided no details on its contents, or on what role the new constitution assigns to Prince Sihanouk. Deputy Prime Minister Khieu Samphan stated that a "Third National Congress," reportedly attended by more than 1,000 delegates, had "unanimously" approved the constitution. The Congress, held on December 14, apparently culminates the work of a committee allegedly formed at a special national congress last April following the communist take-over of Cambodia to draft a new constitution.



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ANNEX

Conference on International Economic Cooperation

A conference of rich and poor countries gets under way in Paris today, two years after the Arab oil boycott and the sharp rise in oil prices provided the world with a demonstration of producer power.

In deference to the desires of the developing countries, the Conference on International Economic Cooperation will not be concerned solely with energy matters. Its scope has been enlarged to include trade, development, and financial matters. The developing countries will try to use the leverage of the oil producers to obtain concessions on economic aid; the developed countries will try to focus on restoring balance to the energy market.

Although the conference could degenerate into conflict, it may be able to build on the more constructive atmosphere that has characterized international economic meetings since the special session of the UN last September.

Working Commissions

Ministers from the 27 countries at the conference should ratify an agreement made two months ago establishing four working commissions, which will then examine energy, trade in raw materials, problems of developing countries, and financial issues related to the first three. Each of the commissions will be composed of five developed and ten developing states. They are expected to begin work early next year.

PARTICIPANTS AT PARIS MEETING

Industrialized Countries

Canada*
Australia
European Community
Japan
Spain
Sweden
Switzerland
United States

Developing Countries

Venezuela* (OPEC)	Algeria (OPEC)	India
Argentina	Cameroon	Indonesia (OPEC)
Brazil	Egypt	Iran (OPEC)
Jamaica	Nigeria (OPEC)	Iraq (OPEC)
Mexico	Zaire	Pakistan
Peru	Zambia	Saudi Arabia (OPEC)
		Yugoslavia

*Cochairman

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Unless the talks collapse, the same states will meet in six months and one year from now to assess what progress, if any, has been made.

The outcome will depend in part on work in other forums—such as the UN Conference on Trade and Development, the Multilateral Trade Negotiations, and various commodity negotiations. At the same time, however, a breakdown or stalemate in the work of any of the four commissions could restart the running feud between the developed and developing world.

The two sides have arrived in Paris with poorly defined ideas of what they want and how much they are willing to give up. The complexity of the issues and the diversity of interests are partly to blame, but pressures are felt in both groups for and against a coordinated approach to the problem.

At least four considerations are pushing the developed states toward negotiations with the developing countries.

- Recognition that, within limits, the Third World has the ability to impose unilaterally certain of its desires on the international community.
- Dependence of the industrial world on a number of raw materials exported from the developing world.
- Recognition that it would be advantageous to create markets in the Third World for exports from developed countries.
- Popular opinion in many of the developed states favoring a constructive approach to the problems of the Third World.

Differing Views

On the other hand, the developed countries harbor differing views on the extent to which aid is needed or can help and on how much interference with free-market forces should be accepted in new arrangements with the developing countries. Some states fear being tied to common policies they cannot afford. The EC will act as a unit at the conference, but there are wide variations on how generous each member is prepared to be.

The developing states have been equally unable to get much beyond generalities. Among the developing countries, the Group of 77—a caucus of some 105 developing states in the UN—has backed the broad positions set forth in the Declaration for a New International Economic Order and the Charter of Economic Rights and Duties of States. In more narrowly focused negotiations, however, the harmony of the developing states has been disrupted by their different levels of economic development, political structure, ideological bent, and geographic location.

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Potential Stumbling Blocks

The road ahead is strewn with potential stumbling blocks for the conference:

--An unresolved question is whether each of the working commissions should conduct new and separate negotiations or whether the commissions should simply monitor the work of existing international organizations. Generally, the developed countries want to limit substantive talks to the energy commission; the developing countries insist that substantive progress on energy be tied to progress in areas of primary interest to them.

--In the energy commission, most developed countries want to talk about oil prices or security of supply; most developing countries want to establish links between economic development and the supply of oil and other resources.

--In the raw materials commission, most developed countries want to consider access to raw materials, stabilization of the earnings of raw materials exporters, and methods for stabilizing commodity markets; most developing countries want to emphasize increasing and protecting the earnings of exporters.

--In the development commission, the difference is more one of emphasis than substance. Most developed countries are willing to study the planning problems that confront developing states and examine how to accelerate growth, promote agricultural development, and enhance trade. Most developing countries want to emphasize growth and attach great importance to industrialization and the transfer of technology.

--In the finance commission, most developed countries are prepared to discuss the financial implications of increased oil prices, of commodity arrangements, and of investment projects in developing countries; most developing countries would like to broaden the financial talks to include the impact of the international monetary system on development and the protection of their financial assets.

The conference may have membership issues to cope with. In the weeks prior to the conference, the problems of membership on each of the commissions and of the conference itself were sharply divisive and may not be completely settled.

The developing states, for example, have decided to petition for two or three additional seats at the conference, although there is no indication they intend to make this demand a condition for their participation.

The industrialized countries appear to have resolved their wrangle over representation. London and its EC partners last week compromised on British demands for a separate seat. The UK agreed to be part of the EC delegation; in

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return, Britain's partners agreed in principle to help safeguard British investments in the North Sea. A lot of tough negotiating remains to be done before they will be able to agree on much more than generalities in the dialogue with the developing countries and oil producers. [REDACTED]

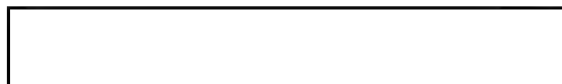
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